

Executive Summary

Cultural Economic Development

A Strategy to Leverage Michigan's Creative Talent and Cultural Assets
to Spur Economic Growth and Build Community Prosperity

Introduction

The experiences and products that grow out of our cultural heritage are an essential component of a healthy and vibrant Michigan economy. They produce direct economic benefit—jobs, a stronger tax base, downtown and neighborhood revitalization, tourism revenue. Equally important is their role in attracting and retaining the people and businesses essential to Michigan's participation in the emerging "New Economy" with its emphasis on knowledge, creativity and innovation. Investing in Michigan's cultural sector will not solve our state's economic problems; but failing to invest in this sector leaves money on the table. We have an extraordinary array of cultural programs and attractions, unique artistic products and an enthusiastic cultural community; what is missing is a holistic effort to enhance and market them.

We have only begun to measure the direct economic benefit of investing in the cultural sector. But we know that \$1 million invested in rehabilitating historic buildings creates 25 new jobs. The same investment in computer and data processing creates 23 jobs; that in manufacturing motor vehicle parts and accessories creates 17. In Grand Rapids, between 1974 and 2002, property values rose 1,200% in the Heritage Hill Historic District; those in the adjacent non-designated district rose half as fast—636%. In Midtown, a 2 square-mile neighborhood located in the heart of Detroit's cultural center, there is a rebuilding boom. It is estimated that between 2000 and 2009 total residential investment will be 3,316 units valued at \$426.9 million; commercial and arts-related investment valued at \$34.25 million; and public improvements investments valued at \$38.05 million.

The 1999 tourism economic impact of visits to Michigan museums was estimated to be \$370 million (about the same as that for golf). A major part of our cultural economic development strategy is to greatly improve our ability to do both market and economic impact research related to different elements of Michigan's cultural sector.

The qualitative value of the cultural sector to Michigan's economy is more difficult to measure, but no less significant. For communities and the state, a brand and image focused on amazingly diverse cultural experiences in a stunning natural setting can contribute to positioning Michigan as a place where people want to live, work and play. Our cultural resources are essential to continuing to build on our heritage of design and music excellence, and they may hold the key to bringing people together across race, geography and economic status to imagine a better future.

This strategy primarily focuses on those activities that fall within the direct purview of HAL and its partners in government and the cultural sector. Although education is not the direct purview of HAL, the department views education as an integral portion of its core activities

and therefore encourages continued investment in one of the most important long-term strategies essential to Michigan's future cultural economic development: making quality cultural education a significant part of every person's life-long experience; educating the state's future cultural leaders; educating creative economy workers.

Goal

Our goal is for Michigan's cultural sector to reach its economic potential. HAL cannot do this alone. However, we are eager to take on the challenge of leadership, working with other state departments, economic developers, regions, communities and the institutions and people who make up our sector. We want to maximize the power of collaboration and to capitalize on the creativity and competence of Michigan's cultural community.

Objectives

1. **Develop Research-Based Practice and Measurement**
Provide continuous scientific research on the market and non-market values, and best practices regarding cultural sector activity in Michigan.
2. **Support Cultural Magnets**
Strengthen those places and institutions in Michigan with the power to attract and hold people and businesses, define local or regional cultural heritage, draw tourists, and catalyze economic growth.
3. **Grow Entrepreneurship and Jobs**
Support and nurture emerging artists, crafts persons, small design and media businesses, and other for-profit and non-profit cultural-based creative enterprises.
4. **Foster Community Cultural Economic Development**
Increase awareness and understanding in communities of how culture can be leveraged to cause local and regional business growth, strengthen community cultural economic development incentives, and promote and market key cultural industries.
5. **Build Human Capital**
Provide educational and leadership development opportunities that encourage personal creativity and initiative, and offer Michigan's current and future leaders needed resources for spearheading long-term cultural economic growth and community creative development.
6. **Grow Partnerships and Collaborations**
Encourage existing partners and grow new partnership and collaborative relationships to strengthen and leverage implementation of this strategy.

CED Strategy Component Summary

Continuous Research

Ongoing market research is essential to setting priorities and making decisions. Making focused, researched choices about where to invest our time and resources is key to success. Economic impact research will ensure good evaluation of our efforts and measurement of our results. HAL is partnering with Michigan State University to create the Cultural Economic Development Online Tool (CEDOT), which will provide real time market and impact research that can be used by the state, communities, and individual cultural institutions. The model is conceptualized and we are currently seeking philanthropic support for full implementation.

Cultural Magnets

Cultural institutions and places where artists and creative workers congregate and share ideas and their work attract and hold people and business. These cultural assets define Michigan, draw tourists, and catalyze further economic growth. One need but look at the changes in the neighborhood surrounding the Detroit Opera House to see the potential. In Alpena, the creation of the Thunder Bay national marine Sanctuary has galvanized the community around its heritage and tourism; and the sanctuary's new visitor center is at the core of the \$25 million redevelopment of a former paper mill site. Michigan must ensure that these places and the people whose creativity supports them have the resources needed to remain strong, vibrant and attractive. And it must use these places and people to define its image, attract tourists and grow business. This part of the strategy includes:

- ❑ The Michigan Brand: a new image for Michigan that combines its cultural and natural heritage and grows out of community-based discussion
- ❑ Cultural Tourism: market-research-based development and delivery of destination-quality experiences that can attract new tourists to Michigan
- ❑ Business Attraction: deliberate use of Michigan's cultural resources to create environments aimed at attracting new business and retaining existing business
- ❑ Cultural Resources Trust Fund: built from multiple sources and able to provide loans, grants and venture capital consistent with this strategy

Community Cultural Economic Development

Jobs and investment are created at the local level. The state's role is to help communities and economic developers leverage their cultural resources—historic buildings, cultural magnets, creative workers—and to provide incentives for best practices. This part of the strategy includes:

- ❑ Cultural Economic Development Community Readiness: guidelines and tools that support community planning; MCACA grants that implement plans and provide a model; and eventual integration of the model with existing programs, including Main Street, Blueprints and MSHDA
- ❑ Historic Preservation Technical Assistance and Planning: strengthened laws and participation in programs like local historic districts and Main Street to encourage communities to reach historic preservation's full economic potential
- ❑ Stimulus Package: focusing parts of existing resources in multiple departments (using the Cool Cities model) on strategic investments in the cultural sector, as well as expanding tax credits for historic preservation and creating film production tax credits

- ❑ Media Industry Promotion: strengthening the marketing of Michigan to the film/television/commercial industry, which in turn improves Michigan's image

Entrepreneurship

Culture-based creative enterprises include emerging artists as well as small design and media businesses. They make direct and indirect contributions to the Michigan economy, have the potential to be "the next great thing". These enterprises provide the creative environment and infrastructure that supports other industries by providing design and creative services. Their potential is enhanced when they have access to capital, information, larger markets and technical assistance. This part of the strategy includes:

- ❑ CraftWORKS: coordination and promotion of the state's craft industry and outstanding artisans, as well as related tourism and investment opportunities
- ❑ Online Cultural Marketplace: a Web site that promotes the products of emerging artists and cultural sector businesses to a global market
- ❑ Creative Enterprise Support: to ensure that Michigan's efforts to assist small businesses and entrepreneurs include information, technical assistance and training directly applicable to those engaged in cultural enterprises, and working in concert with existing resources such as the Department of Labor and Economic Growth's *Be Your Own Boss* state information and assistance web-based portal
- ❑ Live/Work Spaces for Creative Entrepreneurs: include the creation of affordable, appropriate live/work spaces for cultural entrepreneurs, artists and micro-enterprises in the mix of existing economic development tools and incentives for communities
- ❑ Node Identification and Assistance: use economic development research to identify emerging cultural industries (design and music, for example) and structure tools and incentives that promote economic success

Human Capital

Sustainable cultural economic development requires that Michigan's cultural leaders have learning resources, mentoring and educational opportunities that allow them to become more adept at using management, planning, financing, community relations, marketing and assessment tools. These resources will be needed by community, government and organizational leaders; cultural/creative sector employees; and artists, artisans and non-profit businesses. Colleges and universities will be partners in the broader effort.

Partnerships

Moving Michigan's Cultural Economic Development Strategy forward in a time of limited resources will require a concerted state effort involving many departments, much like that used to create the Cool Cities Initiative. For example, Travel Michigan is a strong partner in all our cultural tourism efforts. DLEG, including MEDC and MSHDA, contributed time and resources to creating this strategy, including the use of Public Sector Consultants in facilitating and recording our discussions. Other logical partners are MDOT, DNR, DEQ and Agriculture. These partnerships will open opportunities for both more effective use of existing state programs and access to federal funds. The more this strategy is integrated with Grow Michigan initiatives and existing state programs, from entrepreneurial assistance and Small Business Development Centers to Brownfield and other incentives, the more sustainable it will be. As we learned from Cool Cities, that full integration happens best when it happens at the direction of the Governor.